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November 7, 1994

Via UPS Overnight

Deborah T. Poritz, Esq.  
Attorney General of New Jersey  
Attorney for State of New Jersey  
Department of Environmental Protection  
R.J. Hughes Justice Complex  
CN093  
Trenton, New Jersey 08625

Re: Hexcel Corporation  
U.S. Bankruptcy Court  
Northern District of California  
Case No. 93-48535T

Dear Ms. Poritz:

This firm is counsel to the Fine Organics Corporation. This is to advise you that Hexcel Corporation's (the "Debtor") Disclosure Statement is set for a hearing on Wednesday, November 9, 1994 and as a result a Final Plan of Reorganization can be acted upon by the Bankruptcy Court in 60 days (January 9, 1994) with regard to the above matter. For the reasons discussed below, this letter is to request the NJDEP immediately amend its Proof of Claim to include the recovery of cleanup, removal and oversight costs incurred or to be incurred by it concerning Fine Organics' Lodi,

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Deborah T. Poritz, Esq.  
November 7, 1994  
Page 2.

New Jersey Site.<sup>1</sup>

Fine Organics owns and operates an industrial chemical business at a plant located in Lodi, New Jersey (the "Site"), which it acquired from the above-referenced Debtor, the Hexcel Corporation, pursuant to an Asset Purchase Agreement (the "Agreement"), dated December 31, 1985. The sale was conditioned upon Hexcel entering into an Administrative Consent Order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP"), whereby Hexcel was compelled to investigate and remediate all contamination at the Site. Hexcel entered into the ACO with the NJDEP, effective March 26, 1986. See ACO annexed hereto as Exhibit B. Hexcel was obligated by the provisions of the ACO to, among other things, execute and implement an NJDEP approved Remediation Plan. Also, the NJDEP required Hexcel to post financial assurance in the amount of \$4,000,000, a sum then equal to Hexcel's estimated cost of the cleanup.

Fine Organics does not believe that the \$4,000,000 financial assurance is sufficient to address all of the remedial requirements

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<sup>1</sup>On or about April 18, 1994 your office filed a Proof of Claim ("Claim") against Hexcel on behalf of the NJDEP in the above referenced matter. The Claim relates to the recovery of cleanup and removal costs incurred, or to be incurred, by NJDEP under the New Jersey Spill Compensation and Control Act ("Spill Act"), N.J.S.A. 58:10-23.11 et seq. and other Federal and State statutes concerning a number of sites, including but not limited to the Chemical Control Site in Elizabeth, New Jersey and the Helen Kramer Landfill Site in Gloucester County, New Jersey. See 4/18/94 Proof of Claim annexed hereto as Exhibit A.

Deborah T. Poritz, Esq.  
November 7, 1994  
Page 3.

at the site and those raised by the NJDEP in its recent September 15, 1994 letter to Hexcel. See 9/15/94 NJDEP letter annexed hereto as Exhibit C. Indeed, Fine Organics' environmental consultant, Matrix Environmental Management, Inc. ("Matrix"), estimates that approximately \$12,429,000 will be needed to complete the NJDEP required remediation at the Site. See 10/13/94 Matrix estimate annexed hereto as Exhibit D.

Based upon the Matrix Estimate, and because of Hexcel's uncertain financial situation due to its Chapter 11 Bankruptcy status and the over \$1 Billion in environmental claims filed against Hexcel in the Bankruptcy proceeding, on October 19, 1994 Fine Organics requested that the NJDEP require Hexcel to increase its funding source to \$12,429,000 in accordance with the Matrix estimate and pursuant to §25 of ISRA.<sup>2</sup> The NJDEP is considering Fine Organics' request. See October 27, 1994 NJDEP letter to Hexcel's environmental counsel, Edward A. Hogan, annexed hereto as Exhibit E.

Unless the NJDEP amends its Proof of Claim so that monies in

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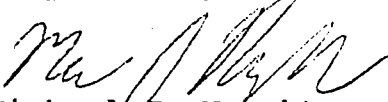
<sup>2</sup>It is our understanding that the "Environmental Claims" section of the current draft Plan of Reorganization is being amended by Hexcel. As a result, we are not sure how Hexcel is proposing to handle the environmental claims filed in this matter, including but not limited to, the NJDEP's Proof of Claim. As discussed above, we believe it would be in the NJDEP's best interests to amend its current claim to include the Lodi, New Jersey site, and thereby ensure that its claim(s) will be handled in the Final Plan of Reorganization approved by the Bankruptcy Court.

Deborah T. Poritz, Esq.  
November 7, 1994  
Page 4.

addition to the \$4,000,000 financial security are set aside by the Bankruptcy Court for required remedial activities at this Site, should Hexcel not come out of the Chapter 11 Bankruptcy proceeding or not have enough working capital to complete the required cleanup, the NJDEP will be in the position of having to complete remediation activities at the Site (for an additional \$8,429,000) and not be able to pursue Hexcel for any meaningful reimbursement.

Please contact the undersigned counsel if you have any questions or comments.

Very truly yours,

  
Michael J. Naughton

MJN:mc  
Enclosures

c: Franchise W. Kaplan, N.J. Deputy Attorney General  
Mr. Douglas Stuart  
Mr. Maurice H. Migliarino  
Mr. Joe Nowak  
Katherine D. Ray, Esq.  
John Newman, Esq.